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EXDIS

E.O. 12356: DECL OADR
TAGS: PREL, IZ
SUBJECT: SECRETARY'S OCTOBER 6 MEETING WITH
IRAQI FOREIGN MINISTER TARIQ AZIZ

EXDIS REVIEW

Cat. A - Caption removed;
transferred to O/FADRC
Cat. B - Transferred to O/FADRC
with additional access
controlled by S/S
Cat. C - Caption and custody
retained by S/S *EKK*

Reviewed by: Elijah Kelly Jr.

Date: 4/12/93 19

1. ~~████████~~ - ENTIRE TEXT.

2. SUMMARY: ON OCTOBER 6 SECRETARY BAKER MET WITH IRAQI
FOREIGN MINISTER TARIQ AZIZ. AZIZ EMPHASIZED HIS
GOVERNMENT'S STRONG DESIRE FOR THE VERY BEST POSSIBLE
RELATIONSHIP WITH THE UNITED STATES, BUT SAID HIS
GOVERNMENT HAD RECEIVED "SIGNALS" THAT THIS MIGHT NOT BE
THE U.S. GOVERNMENT'S ATTITUDE. HE MENTIONED, 1) NEGATIVE
REMARKS ABOUT IRAQ INTENTIONS IN THE GULF MADE TO OTHER
GOVERNMENTS BY U.S. OFFICIALS, 2) USG-PLACED OBSTACLES TO
IRAQI EFFORTS TO REBUILD ITS ECONOMY (TECHNOLOGY
TRANSFER), AND 3) CONGRESSIONAL ACTIONS AGAINST IRAQ. HE

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ALSO SAID "SOME AMERICAN AGENCIES" ARE TRYING TO

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DESTABILIZE IRAQ. FINALLY, HE COMPLAINED ABOUT A USG DECISION TO CUT CCC CREDITS FOR FY90 FROM OVER DOLS 1 BILLION TO DOLS 400 MILLION. THE SECRETARY ASSURED THE FOREIGN MINISTER OF OUR DESIRE FOR GOOD RELATIONS WITH IRAQ. AT THE SAME TIME, THE SECRETARY CONFIRMED U.S. CONCERNS GLOBALLY ABOUT THE TRANSFER OF SENSITIVE

TECHNOLOGY RELATED TO PROLIFERATION. HE ALSO OBSERVED THAT WHILE THE ADMINISTRATION HAD OPPOSED CONGRESSIONAL MOVES TO PLACE SANCTIONS ON IRAQ, THE CONGRESS HAD BEEN INFLUENCED STRONGLY BY GOI'S USE OF CW WHICH DID HAVE A VERY NEGATIVE IMPACT. HE ASKED FOR MORE DETAILS ABOUT ALLEGED U.S. EFFORTS TO DESTABILIZE IRAQ SO THAT HE COULD INVESTIGATE IT FULLY. REGARDING CCC CREDITS THE SECRETARY SAID HE UNDERSTOOD THE DOLS 400 MILLION IN CREDITS NOW OFFERED BY USG WAS AN INTERIM COMMITMENT. THE FED AND TREASURY ARE WORRIED ABOUT IRAQI INVOLVEMENT IN THE ATLANTA BNL BANK SCANDAL AND WISH TO DEFER COMMITMENT ON THE FULL LEVEL OF CCC CREDITS UNTIL THEIR INVESTIGATION IS COMPLETED. AZIZ SAID THIS WAS A BANKING PROBLEM AND NOT ONE THAT INVOLVED THE GOI. AZIZ MADE CLEAR A SOLUTION NEEDED TO BE FOUND QUICKLY. IRAQ IS PARTICULARLY WORRIED ABOUT THE IMPACT OF THIS DECISION ON ITS ABILITY TO MEET FOOD IMPORT REQUIREMENTS IN 1990. THE SECRETARY SAID HE WOULD LOOK INTO THE MATTER IMMEDIATELY. THE TWO SIDES ALSO DISCUSSED BRIEFLY THE MIDDLE EAST PEACE PROCESS AND LEBANON. END SUMMARY.

3. THE SECRETARY WARMLY WELCOMED IRAQI FOREIGN MINISTER TARIQ AZIZ TO THE DEPARTMENT ON OCTOBER 6. HE NOTED THEIR INABILITY TO FIND A MUTUALLY ACCEPTABLE TIME TO MEET IN NEW YORK AND SAID HE APPRECIATED AZIZ' WILLINGNESS TO COME

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TO WASHINGTON. THE SECRETARY SAID THE U.S. VALUES ITS RELATIONSHIP WITH IRAQ AND WANTS TO SEE IT STRENGTHEN AND BROADEN. OUR DIALOGUE ON HUMAN RIGHTS WILL HELP. HE ALSO NOTED WITH PLEASURE IRAQ'S PARTICIPATION IN CW CONFERENCES. REGARDING THE STARK CLAIMS, THE SECRETARY WELCOMED IRAQ'S PAYMENT OF WRONGFUL DEATH COMPENSATION AND OBSERVED THAT THIS SET THE STAGE FOR EARLY CONCLUSION OF THE REMAINING CLAIMS. HE ENDED HIS INTRODUCTORY REMARKS TO AGAIN STRESS THE U.S. DESIRE FOR GOOD RELATIONS SAYING THERE WAS ALL THE POTENTIAL TO MOVE THE RELATIONSHIP IN A

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POSITIVE DIRECTION.

4. AZIZ RESPONDED WITH WARMTH THAT HE HAD GOOD RELATIONS WITH SECRETARY SHULTZ AND MANY OTHER SENIOR AMERICAN OFFICIALS. HE SAID HE HAD ALWAYS CONDUCTED HIS CONVERSATIONS IN A FRIENDLY AND OPEN MANNER AND HOPED HE COULD CONTINUE TO DO SO WITH THE SECRETARY. IT LEADS TO MUCH BETTER UNDERSTANDING. THE SECRETARY ENCOURAGED HIM TO DO SO. AZIZ SAID HE WANTED TO STATE CLEARLY AND UNEQUIVOCALLY THAT IRAQ WANTS GOOD RELATIONS WITH THE U.S. ON THE BASIS OF MUTUAL RESPECT AND UNDERSTANDING. HE SAID HE WANTED IT UNDERSTOOD THAT WHILE THIS HAD BEEN STATED IN TIME OF WAR WHEN DIPLOMATIC RELATIONS WERE RESTORED, HE WAS SAYING IT NOW AFTER A CEASEFIRE HAD BROUGHT THE ACTIVE FIGHTING IN THE WAR TO AN END. HE STRONGLY BELIEVE, HE SAID, THAT GOOD RELATIONS BETWEEN US IS IN THE BEST INTERESTS OF THE U.S. AND OF THE REGION.

5. AZIZ CONTINUED THAT HE GREATLY APPRECIATED THE SECRETARY'S ASSESSMENT OF BILATERAL RELATIONS; BUT, FRANKLY SPEAKING IN THE SPIRIT OF FRIENDSHIP, IRAQ HAS NOT SEEN "ENOUGH IMPROVEMENT" IN THE RELATIONSHIP SINCE THE CEASEFIRE. IN FACT IRAQ HAD RECEIVED A NUMBER OF SIGNALS WHICH WERE RATHER DISTURBING. HE LISTED FOUR: 1) AFTER THE CEASEFIRE THE GOI GOT A NUMBER OF REPORTS FROM SEVERAL

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CAPITALS THAT SENIOR U.S. DIPLOMATS WERE APPROACHING OFFICIALS IN THE GULF RAISING SUSPICION AND FEAR REGARDING IRAQI INTENTIONS IN THE REGION. AZIZ SAID THIS DISTURBED THE GOI GREATLY BECAUSE DURING THE WAR HE HAD DISCUSSED THE GULF REGION IN A FRANK MANNER. IRAQ HAS SAID CLEARLY THAT IT WANTS TO MAINTAIN THE WHOLE REGION INTACT -- INCLUDING THE INDIVIDUAL COUNTRIES -- AND THAT IT HAS NO BAD INTENTIONS AGAINST ANY OF THEM. HE STRESSED THAT IRAQ'S OBJECTIVE WAS AND IS GOOD RELATIONS WITH THEM ALL, PARTICULARLY SAUDI ARABIA AND KUWAIT. HENCE, HE SAID THE GOI IS PERPLEXED AND CONCERNED ABOUT U.S. MOTIVATIONS.

6. SECONDLY, AZIZ SAID THE U.S. SEEMED TO HAVE A NEGATIVE APPROACH TO IRAQI POST-WAR EFFORTS TO DEVELOP ITS INDUSTRY AND TECHNOLOGICAL BASE. AZIZ EMPHASIZED THAT THE GOI HAD CLEARLY STATED THAT ITS CURRENT GOALS AND OBJECTIVES WERE

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TO RECONSTRUCT AND RESTORE THE ECONOMY. OUR DESIRE, HE SAID, IS TO DEVELOP THE COUNTRY FOR OUR PEOPLE -- TO RAISE THEIR STANDARD OF LIVING. IMPLYING THIS MASSIVE EFFORT WAS BEING MISREPRESENTED, AZIZ DECLARED THAT ALL THIS WAS BEING DONE FOR IRAQ AND HER PEOPLE. NO OBJECTIVE DIRECTED AGAINST ANY OTHER COUNTRY IN THE REGION LAY BEHIND IRAQI DEVELOPMENT ACTIVITIES. AZIZ THEN COMPLAINED OF A PROPAGANDA CAMPAIGN AGAINST IRAQ IN THE U.S. -- PARTICULARLY BY THE CONGRESS. HE NOTED CONGRESSIONAL MOVES TO LEGISLATE ECONOMIC AND POLITICAL SANCTIONS.

7. FINALLY, AND MOST SERIOUSLY, AZIZ STATED THAT LATELY THERE HAD BEEN REPORTS THAT "SOME AMERICAN AGENCIES" ARE TRYING TO DESTABILIZE IRAQ. HE SAID HE HAD NO DETAILS AND HAD HEARD ONLY THE REPORTS JUST AS HE WAS LEAVING BAGHDAD. HE SAID HE FELT IT WAS IMPORTANT TO MENTION THIS TO THE SECRETARY. THE SECRETARY INDICATED HIS SURPRISE AT

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SUCH REPORTS AND SAID HE WOULD LIKE MORE DETAILS AS QUICKLY AS POSSIBLE SO HE COULD LOOK INTO IT IMMEDIATELY. AZIZ UNDERTOOK TO TRY TO GET MORE DETAILS.

8. AZIZ CLOSED WITH A FINAL POINT ON U.S. IRAQI

COMMERCIAL RELATIONS. HE NOTED THAT UP TO NOW THIS HAD BEEN A VERY POSITIVE ASPECT OF OUR BILATERAL RELATIONSHIP. THE USG, HE SAID, HAD ALLOCATED CCC CREDITS OF OVER DOLS 1 BILLION IN FY89, MAKING THE U.S. IRAQ'S MAJOR SUPPLIES OF AGRICULTURAL PRODUCTS. HE TOLD THE SECRETARY THAT HE HAD JUST LEARNED FROM THE IRAQI AGRICULTURAL TEAM, NOW IN WASHINGTON TO REACH AGREEMENT ON A PROGRAM OF SIMILAR SIZE FOR FY90, THAT THE U.S. WAS PREPARED TO AGREE TO ONLY DOLS 400 MILLION IN CREDITS AT THIS TIME. THE CCC PROGRAM WAS BEING LINKED TO THE BNL ATLANTA BRANCH SCANDAL OF WHICH IRAQ HAD NO PART. THE MINISTER MADE IT CLEAR THIS WAS NOT A SIGN THAT THE U.S. WANTED IMPROVEMENT IN RELATIONS. IT IS IN FACT A SETBACK AND GOI IS VERY UNHAPPY.

9. THE SECRETARY SAID HE WISHED TO RESPOND TO THE MINISTER'S POINTS. HE SAID HE HEARD THE DESIRE FOR BETTER RELATIONS AND THAT WAS THE U.S. OBJECTIVE AS WELL. HE ASKED AZIZ TO NOTE THAT THE U.S. HAD BEEN IN THE FOREFRONT

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[REDACTED] IN FOCUSING ON THE POW REPATRIATION ISSUE AT THE UNSC DURING THE MEETING ON RENEWING UNIMOG'S MANDATE. AS TO EFFORTS TO DESTABILIZE IRAQ, THE SECRETARY REPEATED THAT OUR DESIRE IS TO IMPROVE RELATIONS WITH IRAQ AND HE URGED AZIZ TO GIVE HIM FURTHER DETAILS AS SOON AS POSSIBLE. REGARDING TECHNOLOGY, THE SECRETARY ADMITTED THE U.S. DOES HAVE CONCERNs ABOUT PROLIFERATION, BUT THEY ARE WORLD WIDE CONCERNs. HE SUGGESTED THAT WE WORK TOGETHER ON SPECIFIC REQUESTS SO THE U.S. CAN UNDERSTAND IRAQI NEEDS AND OBJECTIVES AND IRAQ CAN HEAR WHAT CONCERNs US. REGARDING AZIZ' POINT ON CONGRESSIONAL CRITICISM, THE SECRETARY

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NOTED THAT THE ADMINISTRATION NEVER SUPPORTED SANCTIONS ON IRAQ, AND THAT HE PERSONALLY HAD SO TESTIFIED. THE SECRETARY ADDED THAT CONGRESSIONAL ACTIONS WERE LIMITED TO IRAQI USE OF CW DURING THE WAR. OUR POSITION CONTINUES TO BE THAT WE NEED TO LOOK FORWARD, NOT BACKWARD.

10. TURNING TO CCC CREDITS, THE SECRETARY SAID HE WAS AWARE THAT A PROBLEM EXISTED: IT WAS HIS UNDERSTANDING THAT THE DOLS 400 MILLION WHICH THE USG WAS NOW READY TO APPROVE ~~IS~~ AN INTERIM ALLOTMENT. THE BALANCE OF THE PROGRAM WAS BEING HELD PENDING FURTHER INVESTIGATIONS INTO THE BNL BANKING SCANDAL. HE NOTED IRAQ HAD RECEIVED ABOUT DOLS 3 BILLION OUT OF DOLS 4 BILLION OF THE UNAUTHORIZED LOANS. THE FED AND TREASURY, HE EXPLAINED, WANT SOME RESTRAINT IN FURTHER CREDITS TO IRAQ UNTIL THIS BANKING PROBLEM IS MORE THOROUGHLY INVESTIGATED. AZIZ DEFENDED THE GOI, ARGUING THAT THEY WERE NOT INVOLVED IN ANY ILLEGAL ACTIONS. IF THE BANK HAD BEEN WILLING TO MAKE LOANS UNDER SUCH GOOD TERMS, ANY CUSTOMER WOULD HAVE SAID

BANK NOT THE CUSTOMER WHO HAD THE PROBLEM. AZIZ SAID HE HAD MET WITH THE ITALIAN MINISTER OF FINANCE WHO SAID IRAQ WAS NOT INVOLVED. IF THE GOVERNMENT OF ITALY IS NOT TAKING ACTION AGAINST IRAQ, IT IS STRANGE THAT THE U.S. IS. IRAQ, HE SAID, WAS ALWAYS PUNCTUAL WITH ITS PAYMENTS TO THE U.S. HE CONTINUED THAT IRAQ WAS RELYING ON U.S. COOPERATION IN A NUMBER OF AREAS AND SUCH ACTIONS TO RESTRICT PROGRAMS CALLED INTO QUESTION WHETHER THE U.S. WOULD BE A RELIABLE TRADING PARTNER. FOOD WAS A PARTICULARLY EXPLOSIVE AREA BECAUSE THE GOVERNMENT MUST FEED ITS PEOPLE. HE SAID THE IRAQI DELEGATION WAS VERY

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CONCERNED THAT FAILURE TO AGREE TO THE FULL PROGRAM NOW
WOULD FORCE IRAQ TO SEARCH IMMEDIATELY FOR ALTERNATIVE

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SUPPLIERS AND SUCH SUPPLIERS MAY NOT BE AVAILABLE. U.S. ACTIONS WILL SOUR RELATIONS, HE CONCLUDED.

11. THE SECRETARY ASKED IF GOI IS COOPERATING WITH THE FED INVESTIGATION, INDICATING THIS WAS IMPORTANT TO DO. ACTING ASSISTANT SECRETARY COVEY NOTED THERE WERE SOME CONCERNS THAT THERE MAY HAVE BEEN SOME WRONGDOING TRACEABLE TO IRAQI OFFICIALS. AZIZ SAID THAT IRAQI CENTRAL BANK GOVERNOR AND MINISTER OF FINANCE HAD BEEN IN WASHINGTON, MET WITH U.S. OFFICIALS, AND WERE TOLD THE GOI WAS NOT INVOLVED. IF IRAQI OFFICIALS WERE IMPLICATED, THE GOI WANTED TO KNOW IMMEDIATELY. HE STRESSED IRAQI PRIDE IN ROOTING OUT CORRUPTION AND SAID GOI WOULD SURELY ACT ON ANY INFORMATION AVAILABLE TO IT. WHEN THE SECRETARY ASKED IF GOI WOULD MAKE AVAILABLE ANY OFFICIAL IMPLICATED IN THE AFFAIR, HE SAID HE DID NOT KNOW. IT WOULD DEPEND ON THE INFORMATION. AZIZ AGAIN REPEATED THE URGENCY OF SOLVING THIS MATTER QUICKLY. THE SECRETARY SAID HE WANTED TO FIND A WAY TO SOLVE IT AND THE USG MAY NEED ASSURANCES FROM GOI THAT IT WILL AID IN THE INVESTIGATION. HE ASSURED AZIZ THAT HE WOULD IMMEDIATELY LOOK INTO WHAT COULD BE DONE AND LET HIM KNOW WHAT OTHER U.S. AGENCIES MIGHT NEED FROM GOI.

12. THE SECRETARY SAID HE HAD SEVERAL SUBJECTS THAT HE WISHED TO RAISE. ON THE SEARCH FOR PEACE IN THE MIDDLE EAST, HE ASKED IRAQ TO CONSIDER SUPPORTING THE EGYPTIAN TEN POINTS. THE SECRETARY SAID THE U.S. IS WORKING HARD TO KEEP THE PEACE PROCESS GOING. BOTH EGYPT AND JORDAN, ACC PARTNERS WITH IRAQ, HAD BEEN VERY HELPFUL. IRAQ'S ENDORSEMENT OF THE EGYPTIAN TEN POINTS WOULD BE A BIG HELP. AZIZ SAID EGYPT HAD DISCUSSED THE TEN POINTS WITH IRAQ AND ARAFAT, TOO, HAD RECENTLY BEEN IN BAGHDAD. THE GOI, HE SAID, WAS PLEASED AND SUPPORTED THE JOINT EFFORTS BY EGYPT AND THE PLO. AZIZ NOTED THAT IRAQI SUPPORT WAS WELL KNOWN IN THE REGION. IT WAS, HOWEVER, IRAQI POLICY

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TO REFRAIN FROM PUBLIC STATEMENTS ON THE PEACE PROCESS, A POLICY IRAQ WOULD MAINTAIN. TALK, PARTICULARLY FROM PARTIES NOT DIRECTLY INVOLVED, MAY COMPLICATE THE ISSUE.

13. THE SECRETARY RAISED LEBANON SAYING HE STRONGLY SUPPORTED THE ARAB LEAGUE TRIPARTITE COMMITTEE EFFORT AND UNDERSTOOD IRAQ DID TOO. HE SAID WE WANTED TO SEE ALL FOREIGN FORCES LEAVE LEBANON. HE HAVE SUPPORTED A ROLE FOR GENERAL AOUN IN THE PROCESS AND HOPE HE WILL STAY COMMITTED TO THE AL EFFORT. THE SECRETARY SAID WE HAD HOPES THAT IRAQ WOULD TOO. WE ARE ENCOURAGED, HE CONCLUDED, BY THE INITIAL REPORTS COMING OUT OF TAIF. AZIZ AFFIRMED THAT IRAQ DOES INDEED SUPPORT THE AL EFFORT NOTING THAT WHEN THEY HAD ASKED IRAQ TO STOP SENDING ARMS TO LEBANON IRAQ HAD AGREED. IRAQ HAD ALSO ADVISED AOUN TO SUPPORT THE MEETING IN TAIF. AZIZ STRESSED THE HISTORIC NATURE OF THE MEETING -- THE FIRST TIME LEBANESE MEMBERS OF PARLIAMENT HAD BEEN ABLE TO DISCUSS THEIR PROBLEMS UNDER AN ARAB LEAGUE UMBRELLA AND NOT UNDER SYRIAN DOMINATION. SYRIA, AFTER ALL, WAS A PARTY IN THE LEBANESE DISPUTE. AZIZ ALSO SAID IRAQ HAD ENCOURAGED THE CHRISTIANS TO ACCEPT REFORM (THE 50/50 FORMULA). TIMES HAD CHANGED AND THE OLD SYSTEMS ARE NO LONGER VALID, HE SAID. THE QUESTION OF THE SYRIAN PRESENCE, HOWEVER, HAD TO BE FACED AND RESOLVED. A NEW GOVERNMENT AND NEW PRESIDENT COULD NOT FUNCTION UNDER SYRIAN DOMINATION. THEY WOULD BE HOSTAGES -- JUST AS SALIM AL-HUSS AND SOME OTHER LEBANESE OFFICIALS ARE NOW IN WEST BEIRUT. AT A MINIMUM, AZIZ ARGUED, THERE HAD TO BE A FREE ENVIRONMENT IN THE CAPITAL. THE SYRIANS, HE SAID, DO NOT HAVE TO WITHDRAW IMMEDIATELY AND PRESIDENT HUSSEIN HAD TOLD ASAD THIS IN CASABLANCA. AZIZ CONCLUDED THAT SADDAM HUSSEIN HAD, AT KING FAHD'S REQUEST, SENT A MESSAGE TO AOUN

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OCTOBER 5 URGING HIM TO COOPERATE WITH THE AL COMMITTEE AND SAUDI ARABIA TO ACHIEVE A SUCCESSFUL OUTCOME OF THE TAIF MEETING. AZIZ SAID IRAQ HAD GREAT CONFIDENCE IN KING FAHD AND WOULD GIVE HIM ALL SUPPORT POSSIBLE.

14. PARTICIPANTS: IRAQI FOREIGN MINISTER TARIQ AZIZ, IRAQI APPOINTED AMBASSADOR IN WASHINGTON MOHAMED SADIQ AL-MASHAT, MFA INTERNATIONAL ORGANIZATIONS DIRECTOR RIYADH

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AL-QAYSI AND AZIZ (CHEF DU CABINET KAMAL ISSA), THE SECRETARY UNDER SECRETARY BARTHOLDIEN (ASSISTANT SECRETARY TUTHILLER), POLICY PLANNING DIRECTOR ROSS (ACTING DEPUTY ASSISTANT SECRETARY COVEY) AND MEA DEPUTY ASSISTANT SECRETARY EDWARD W. MEHMI, JR. (NOTE TAKER) COMPRISED THE U.S. SIDE. BAKER

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